

AGRICULTURAL MARKETING

Curriculum Content Framework

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AGRICULTURAL MARKETING

Grade Levels: 10, 11, 12
Course Code: 491060

Prerequisites: None

Course Description: This course will cover all aspects of marketing agricultural products and services from wholesale to retail, including futures markets, international marketing, and the role of agricultural products and services in the U.S. and world economies.

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Unit 1: Overview of Agricultural Marketing

3 hours

Terminology: auctioneer, brokerage office, Career Development Event (CDE), Gross National Product (GNP), Supervised Agricultural Experience (SAE)

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
1.1 Define terms		Foundation	Reading	Applies/Understands technical words that pertain to subject [1.3.6]
1.2 Discuss the role of marketing in the agricultural industry		Foundation	Reading	Locates pertinent information in documents – such as manuals, graphs, and schedules – to perform tasks [1.3.18]
		Thinking	Creative Thinking	Makes connections between seemingly unrelated ideas [4.1.6]
			Knowing how to Learn	Processes new information as related to workplace [4.3.5]
1.3 Determine the effect agriculture has on the Gross National Product		Foundation	Arithmetic/Mathematics	Calculates percentages, ratios, proportions, decimals, and common fractions [1.1.10]
		Thinking	Problem Solving	Expresses mathematical ideas and concepts orally and in writing [1.1.23] Devises and implements a plan of action to resolve problem [4.4.3]

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
1.4 Identify career opportunities in agricultural marketing	1.4.1 Research a career in agricultural marketing to determine education requirements, working conditions, and salary	Foundation	Writing	Organizes information into an appropriate format [1.6.10] Organizes sentences into paragraphs [1.6.11]
		Personal Management	Career Awareness, Development, and Mobility	Develops skills to locate, evaluate, and interpret career information [3.3.4] Identifies education and training needed to achieve goals [3.1.8]
1.5 Explain FFA opportunities for students interested in agricultural marketing	1.5.1 Invite local agricultural marketing professionals to share opportunities and requirements for their professional area	Foundation	Listening	Listens to follow directions [1.2.6]
		Thinking	Creative Thinking	Communicates a thought, idea, or fact in spoken form [1.5.5] Identifies new goals and objectives [4.1.8]

Unit 2: Marketing Basics

7 hours

Terminology: agrimarketing, basis, forward contract, futures contract, market analysis, marketing, selling, spot price

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
2.1 Define terms		Foundation	Reading	Applies/Understands technical words that pertain to subject [1.3.6]
2.2 Discuss the futures market and its development	2.2.1 Explain the history of the development of the Chicago Board of Trade and Chicago Mercantile Exchange	Foundation	Speaking	Communicates a thought, idea, or fact in spoken form [1.5.5]
		Thinking	Knowing how to Learn	Processes new information as related to workplace [4.3.5]

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
2.3 Identify marketing alternatives	2.3.1 Complete problems from the Commodity Marketing Program focusing on how to calculate basis, determine selling price after storage costs, and determine cash price of a basis contract	Foundation	Arithmetic/Mathematics	Applies mathematical principles related to marketing [1.1.4]
		Thinking		Comprehends the role of chance in the occurrence and prediction of events [1.1.12]
			Decision Making	Comprehends ideas and concepts related to marketing alternatives [4.2.2] Considers risks when making a decision [4.2.3] Generates options/alternatives [4.2.6]
			Problem Solving	Draws conclusions from observations, evaluates conditions, and gives possible solutions [4.4.5]

Unit 3: Fundamental Analysis

7 Hours

Terminology: demand, carryover, free market economy, market price, supply

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
3.1 Define terms		Foundation	Reading	Applies/Understands technical words that pertain to subject [1.3.6]
3.2 Explain how supply-and-demand information can be used to project prices	3.2.1 Project prices for commodities using supply-and-demand information	Foundation	Arithmetic/Mathematics	Applies a mathematical formula to solve a problem [1.1.3]
			Reading	Interprets charts, tables, graphs, and working drawings [1.1.25]
		Thinking	Reasoning	Uses graphs/charts/tables to obtain factual information [1.3.21]
				Applies rules and principles to a new situation [4.5.1]

Unit 4: Technical Analysis

7 Hours

Terminology: no terms

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
4.1 Describe how technical analysis is used to project prices for commodities	4.1.1 Project prices for commodities, using technical analysis	Foundation	Arithmetic/ Mathematics	Calculates percentages, ratios, proportions, decimals, and common fractions [1.1.10]
			Writing	Analyzes data, summarizes results, and makes conclusions [1.6.2]
		Personal Management	Responsibility	Exerts a high level of effort and perseverance toward goal attainment [3.4.4]
		Thinking	Decision Making	Comprehends ideas and concepts related to technical analysis as a method of decision making [4.2.2] Evaluates information/data to make best decision [4.2.5]

Unit 5: Using Futures

7 Hours

Terminology: bear market, bull market, commodity, commodity exchanges, contract specifications, hedging, initial margin, maintenance margin, open outcry, short hedge, speculators, tick, trading pit

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
5.1 Define terms		Foundation	Reading	Applies/Understands technical words that pertain to subject [1.3.6]
5.2 Explain the concept and mechanics of using futures to lock in prices	5.2.1 Apply the futures market to a commodity in your area	Foundation	Arithmetic/ Mathematics	Expresses mathematical ideas and concepts orally and in writing [1.1.23]
			Speaking	Organizes ideas and communicates oral messages to listeners [1.5.7] Speaks in a clear, concise manner [1.5.12]
5.3 Differentiate between short and long hedges	5.3.1 Predict outcomes to sample problems, using basis and futures prices	Foundation	Listening	Listens to follow directions [1.2.6] Receives and interprets verbal messages [1.2.8]
			Speaking	Asks questions to obtain information [1.5.4]
		Thinking	Creative Thinking	Makes connections between seemingly unrelated ideas [4.1.6]

Unit 6: Option Terms

6 Hours

Terminology: call, intrinsic value, offset, option, premium, put, strike price, risk transfer

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
6.1 Define terms		Foundation	Reading	Applies/Understands technical words that pertain to subject [1.3.6]
6.2 Explain options	6.2.1 Select and demonstrate option contracts on a commodity in your area	Foundation	Writing	Uses words appropriately [1.6.21]
		Thinking	Knowing how to Learn	Locates appropriate learning resources to acquire or improve knowledge and skills [4.3.3]
			Seeing Things in the Mind's Eye	Organizes and processes images – symbols, pictures, graphs, objects, etc. [4.6.2]
6.3 Discuss the use of options to hedge a sale or a purchase	6.3.1 Calculate intrinsic values using sample problems	Foundation	Arithmetic/Mathematics	Comprehends mathematical ideas and concepts related to intrinsic values [1.1.13]
			Speaking	Applies/Uses technical terms as appropriate to audience [1.5.2]
		Thinking	Reasoning	Sees relationship between two or more ideas, objects, or situations [4.5.5]

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
6.4 Differentiate between buying a put and buying a call	6.4.1 Illustrate the process	Foundation	Writing	Presents answers/conclusions in a clear and understandable form [1.6.13] Uses words appropriately [1.6.21]
		Thinking	Knowing how to Learn	Develops personal learning strategies—note taking, clustering related items, flash cards, etc. [4.3.2]
			Problem Solving	Draws conclusions from what is read, and gives possible solutions [4.4.4]

Unit 7: Options Strategies

6 Hours

Terminology: no terms

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
7.1 Discuss selling and purchasing strategies	7.1.1 Determine outcomes in a classroom marketing simulation (found in material from Chicago Mercantile Exchange)	Foundation	Arithmetic/Mathematics	Applies a mathematical formula to solve a problem [1.1.3]
		Interpersonal	Speaking	Organizes ideas, and communicates oral message to listeners [1.5.7]
		Personal Management	Leadership	Directs individuals in the performance of a specific task [2.4.5] Encourages/Motivates members of a group or team [2.4.6]
		Thinking	Organizational Effectiveness	Applies knowledge to implement work-related system or practice [3.3.4]
			Reasoning	Applies rules and principles to a new situation [4.5.1] Sees relationship between two or more ideas, objects, or situations [4.5.5]

Unit 8: Marketing Math

7 Hours

Terminology: no terms

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
8.1 Display mathematical skills needed to use futures and options	8.1.1 Complete marketing problems using appropriate mathematical skills	Foundation	Arithmetic/ Mathematics	Applies mathematical principles related to marketing [1.1.4] Applies computation skills related to marketing [1.1.5] Comprehends mathematical concepts and ideas related to marketing [1.1.13] Uses basic numerical concepts in practical situations [1.1.32] Uses calculator to solve mathematical problems [1.1.36]
		Personal Management	Career Awareness, Development, and Mobility	Analyzes own knowledge, skills, and ability [3.1.2]
			Responsibility	Pays close attention to details [3.4.8]

Unit 9: Marketing How-to

7 Hours

Terminology: breach of contract, brokerage, brokerage fee, interest, risk management

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
9.1 Define terms		Foundation	Reading	Applies/Understands technical words that pertain to subject [1.3.6]
9.2 Discuss concerns involved in working with a broker or lender	9.2.1 Interview a broker and/or lender in the classroom to determine common concerns involved in broker/client relationships	Foundation	Reading	Applies information to job performance [1.3.4] Comprehends written information for main ideas [1.3.7]
		Interpersonal	Customer Service	Applies human relations skills in real-life situations [2.3.1]
			Negotiation	Assists in reaching a settlement/conclusion through compromise [2.5.1]
			Integrity/Honesty/Work Ethic	Chooses ethical course of action [3.2.1] Follows established rules, regulations, and policies [3.2.5]

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
9.3 Explain how to place an order	9.3.1 Prepare a group presentation on "Understanding a Hedging Account"	Foundation	Arithmetic/Mathematics	Creates tables, graphs, diagrams, and charts to convey quantitative information [1.1.18]
			Speaking	Adapts presentation to audience [1.5.1] Speaks effectively, using appropriate eye contact, gestures, and posture [1.5.11]
		Interpersonal	Teamwork	Contributes to group with ideas, suggestions, and effort [2.6.2] Takes an interest in what others say and do [2.6.5]
		Thinking	Creative Thinking	Uses imagination to create something new [4.1.1] Develops visual aids to create audience interest [4.1.4] Prepares presentation based on subject research, interviews, surveys [4.1.10]
			Seeing Things in the Mind's Eye	Visualizes a finished product [4.6.4]

Unit 10: International Considerations

3 Hours

Terminology: currencies, currency exchange rate, exports, free trade, free trade area, embargoes, import quota, imports, protectionism, tariffs

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
10.1 Define terms		Foundation	Reading	Applies/Understands technical words that pertain to subject [1.3.6]
10.2 Identify the importance of international markets to American agriculture		Foundation	Reading	Determines what information is needed [1.3.10]
				Locates pertinent information in documents – such as manuals, graphs, and schedules – to perform tasks [1.3.18]
			Creative Thinking	Combines ideas or information in a new way [4.1.2]
			Problem Solving	Demonstrates logical reasoning in reaching a conclusion [4.4.2]

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description
10.3 Discuss considerations in working with people of different cultures	10.3.1 Interview multicultural agribusiness men/women located in your community	Foundation	Reading	Applies information and concepts derived from printed materials [1.3.3] Distinguishes between fact and opinion [1.3.11]
		Interpersonal	Cultural Diversity	Comprehends ideas and concepts related to different cultures [2.2.1] Respects others' personal values, cultures, and traditions [2.2.4] Works effectively with men and women from diverse backgrounds – ethnic, social, educational, etc. [2.2.5]
10.4 Explain the pros and cons of the North American Free Trade Agreement (NAFTA) with regard to American and international agriculture	10.4.1 Interview agricultural leaders in your community to determine their opinions of NAFTA	Foundation	Listening	Listens for content [1.2.3] Listens for emotional meaning [1.2.5]
			Speaking	Asks questions to clarify information [1.5.3] Asks questions to obtain information [1.5.4]
		Personal Management	Self-esteem	Creates self-confidence and positive self-image through proper grooming [3.5.3]
		Thinking	Decision Making	Identifies pros and cons to assist in decision-making process [4.2.7]

CAREER AND TECHNICAL SKILLS What the Student Should Be Able to Do		ACADEMIC AND WORKPLACE SKILLS What the Instruction Should Reinforce		
Knowledge	Application	Skill Group	Skill	Description

Glossary

Unit 1: Overview of Agricultural Marketing

1. Auctioneer – the person who is conducting the sale at an auction market
2. Brokerage office – most convenient outlet for futures transactions, such as commission houses, wire houses, and future commissions merchants; these offices are located in most towns and cities throughout the United States
3. Career Development Event (CDE) – competitive activities in which FFA members compete as teams or individuals in events covering a wide range of career interests; encourage members to develop their technical and leadership skills
4. Gross National Product (GNP) – the total monetary value of all final goods and services produced in a country during one year
5. Supervised Agricultural Experience (SAE) – agricultural activities or hours of work experience that are monitored or supervised by a parent, mentor, or agriculture instructor; most programs are classified as placement or entrepreneurship

Unit 2: Marketing Basics

1. Agrimarketing – those processes, functions, and services performed in connection with food and fiber from the farms on which they are produced until their delivery into the hands of the consumer
2. Basis – the difference between the price of a commodity and the price of a related futures contract (cash price - futures price = basis)
3. Forward contract – a cash contract in which a seller agrees to deliver a specific cash commodity to a buyer sometime in the future; these are privately negotiated and are not standardized
4. Futures contract – a legally binding agreement, made on the trading floor of a futures exchange, to buy or sell something in the future; a futures contract specifies a negotiated price and the quantity, quality, time, and form of delivery
5. Market analysis – collecting information to determine if a product will sell
6. Marketing – starts with analyzing the market to see what is needed before beginning production – not just selling of the product
7. Selling – taking the farm product to the market and getting whatever the price is for that day
8. Spot price – another name for the prevailing cash price

Unit 3: Fundamental Analysis

1. Demand – the amount of a product wanted at a specific time and price
2. Carryover – the supplies or volume of a farm commodity not yet used at the end of a production year
3. Free market economy – exists where the consumers provide the answers to the questions of what to produce, how much to produce, when to produce, who should produce, and for whom goods should be produced
4. Market price – the quantity of supply equals the quantity of demand (supply = demand)
5. Supply – amount of a product available at a specific time and price

Unit 4: Technical Analysis

No terms

Unit 5: Using Futures

1. Bear market – a period of declining market prices
2. Bull market – a period of rising market prices
3. Commodity – a transportable resource product with commercial value
4. Commodity exchanges – central marketplaces with established rules and regulations where buyers and sellers meet to trade futures and options on futures contracts
5. Contract specifications – the standard features, such as time of delivery
6. Hedging – buying or selling futures contracts to protect one's profit margin against a possible price drop
7. Initial margin – the initial amount a market participant must deposit into his or her account when placing an order
8. Maintenance margin – a customer's set minimum margin in his or her account
9. Open outcry – method of public auction for making verbal bids and offers in the trading pits or rings of futures exchanges
10. Short hedge – selling of a futures contract
11. Speculators – those who are willing to accept price risk; they buy and sell futures contracts and hope to make a profit on their expectations of future price movements
12. Tick – the smallest price unit at which a futures contract will trade
13. Trading pit – the heart of the futures exchange where buyers and sellers meet each day to conduct business

Unit 6: Option Terms

1. Call – an option that gives the option buyer the right, without obligation, to purchase a futures contract at a certain price on or before the expiration date of the option for a price (called premium); determined in open outcry trading in pits on the trading floor
2. Intrinsic value – the amount by which an option is in the money
3. Offset – most common method of closing out an option position by purchasing a put or call identical to put or call you originally sold or by selling a put or call identical to the one you originally bought
4. Option – a contract that gives the holder the right to either buy (call) or sell (put) a futures contract at a certain price
5. Premium – the cost of providing insurance for the stored crop in the futures market; it is also the cost of a futures option
6. Put – an option that gives the option buyer the right, without obligation, to sell a futures contract at a certain price on or before the expiration date of the option
7. Strike price – the agreed-upon price of a commodity stated in an option contract
8. Risk transfer – a concept used in futures trading to transfer the risk of the crop (hedger) to the risk of the speculator

Unit 7: Options Strategies

No terms

Unit 8: Marketing Math

No terms

Unit 9: Marketing How-to

1. Breach of contract – failure, without legal excuse, of one of the parties to a contract to perform according to the contract
2. Brokerage – the business of bringing buyers and sellers together and arranging contracts for a fee
3. Brokerage fee – money charged by a brokerage on each transaction of a commodity contract
4. Interest – the charge or cost of borrowed money
5. Risk management – making investments to get the highest returns with less risk

Unit 10: International Considerations

1. Currencies – something (coins, treasury notes, bank notes, etc.) that is in circulation as a medium of exchange
2. Currency exchange rate – value difference between currencies of different countries
3. Exports – shipments of agricultural commodities to foreign countries
4. Free trade – trade between businesses in different countries without restrictions from any government
5. Free trade area – group of nations that abolishes trade restrictions among themselves without also imposing common tariffs on other nations
6. Embargoes – prohibit shipments of commodities to certain other countries; they also are called sanctions
7. Import quotas – an imposed limit on the amount of a good that may be imported in a given period
8. Imports – shipments of agricultural commodities from foreign countries for sale, use, etc.
9. Protectionism – the idea of establishing government economic protection for domestic producers through restrictions on foreign competitors
10. Tariffs – government-imposed taxes on goods incurred when they cross national boundaries